



## G.A. Holdings Limited G.A.控股有限公司

(incorporated in the Cayman Islands with limited liability and  
carrying on business in Hong Kong under the trading name of  
German Automobiles International Limited)

### Third Quarterly Report 2009





## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “Directors”) of G.A. Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on basis and assumptions that are fair and reasonable.*

The board (the “Board”) of directors (the “Directors”) of G.A. Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the nine months ended 30 September 2009.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2009

	Notes	(Unaudited) three months ended 30 September		(Unaudited) nine months ended 30 September	
		2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Turnover	2	12,319	9,908	33,296	29,051
Other income	2	566	492	1,724	1,659
		12,885	10,400	35,020	30,710
Cost of sales		(8,400)	(7,793)	(22,591)	(23,110)
Employee benefit expenses		(917)	(553)	(2,741)	(1,681)
Depreciation and amortisation		(397)	(387)	(1,234)	(1,113)
Operating lease charges		(78)	(74)	(238)	(228)
Other operating expenses		(660)	(523)	(2,043)	(1,945)
<b>Profit from operating activities</b>		<b>2,433</b>	<b>1,070</b>	<b>6,173</b>	<b>2,633</b>
Finance costs		(379)	(638)	(1,289)	(2,027)
<b>Profit/(Loss) before income tax</b>		<b>2,054</b>	<b>432</b>	<b>4,884</b>	<b>606</b>
Income tax expense	3	(212)	(75)	(624)	(301)
<b>Profit/(Loss) for the period</b>		<b>1,842</b>	<b>357</b>	<b>4,260</b>	<b>305</b>
<b>Other comprehensive income for the period:</b>					
Exchange differences, net		199	(53)	563	56
<b>Total comprehensive income for the period</b>		<b>2,041</b>	<b>304</b>	<b>4,823</b>	<b>361</b>



	Notes	(Unaudited) three months ended 30 September		(Unaudited) nine months ended 30 September	
		2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
<b>Profit attributed to:</b>					
Owners of the Company		1,843	358	4,263	308
Non-controlling interest		(1)	(1)	(3)	(3)
		<b>1,842</b>	<b>357</b>	<b>4,260</b>	<b>305</b>
<b>Total comprehensive income attributed to:</b>					
Owners of the Company		2,042	305	4,826	364
Non-controlling interest		(1)	(1)	(3)	(3)
<b>Profit/(Loss) for the period</b>		<b>2,041</b>	<b>304</b>	<b>4,823</b>	<b>361</b>
Earnings per share for profit/(loss) attributable to the equity holders of the Company during the period					
Basic (Singapore cent)	4	0.47	0.08	1.11	0.09
Diluted (Singapore cent)		N/A	N/A	N/A	N/A

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2008 and 2009

	Equity attributable to equity holders of the Company						Non- controlling interest S\$'000	Total equity S\$'000
	Issued capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Translation reserve S\$'000	Retained profits S\$'000	Total		
As at 1 January 2008	9,040	4,006	1,689	(3,612)	19,924	31,047	346	31,393
Placing of new shares	597	1,173	-	-	-	1,770	-	1,770
Translation difference	-	-	-	1,516	-	1,516	19	1,535
Net gains/(loss) recognised directly in equity	-	-	-	1,516	-	1,516	19	1,535
Profit/(loss) for the period	-	-	-	-	364	364	(3)	361
Total recognized Income/expenses for the period	-	-	-	1,516	364	1,880	16	1,896
As at 30 September 2008	9,637	5,179	1,689	(2,096)	20,288	34,697	362	35,059
As at 1 January 2009	9,637	5,179	1,689	(1,784)	21,348	36,069	386	36,455
Translation difference	-	-	-	(1,720)	-	(1,720)	(24)	(1,744)
Net gains/(loss) recognised directly in equity	-	-	-	(1,720)	-	(1,720)	(24)	(1,744)
Profit/(loss) for the period	-	-	-	-	4,826	4,826	(3)	4,823
Total recognized Income/expenses for the period	-	-	-	(1,720)	4,826	3,106	(27)	3,079
As at 30 September 2009	9,637	5,179	1,689	(3,504)	26,174	39,175	359	39,534



Notes:

## 1. BASIS OF PREPARATION

The Company and its subsidiaries (the “Group”) are principally engaged in the sales of motor vehicles and provision of car-related technical services, servicing of motor vehicles and sales of auto parts.

The unaudited condensed consolidated financial results have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Exchange”)

The accounting policies and basis of preparation adopted in these unaudited consolidated results of the Group are consistent with those adopted by the Group in the preparation of annual audited financial statements for the year ended 31 December 2008.

## 2. TURNOVER

Turnover of the Group is recognised by category as follows:

	(Unaudited) three months ended 30 September		(Unaudited) nine months ended 30 September	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
<b>Turnover</b>				
Sales of motor vehicles	4,191	4,798	11,902	15,189
Servicing of motor vehicles and sales of auto parts	7,196	4,491	18,478	12,197
Technical fee income	932	619	2,916	1,665
	<b>12,319</b>	<b>9,908</b>	<b>33,296</b>	<b>29,051</b>
<b>Other income</b>				
Car rental income – sublease	509	458	1,473	1,400
Interest income on financial assets stated at amortised cost	11	29	44	153
Other income	46	5	207	106
	<b>566</b>	<b>492</b>	<b>1,724</b>	<b>1,659</b>

### 3. INCOME TAX EXPENSES

The charge comprises:

	(Unaudited) three months ended 30 September		(Unaudited) nine months ended 30 September	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Current – Hong Kong Charge for the period	62	37	221	157
Current – Overseas (over)/under provision in prior period/current period provision)	150	38	403	144
<b>Total income tax expenses</b>	<b>212</b>	<b>75</b>	<b>624</b>	<b>301</b>

Hong Kong profit tax has been provided at the rate of 16.5% on the estimated assessable profits. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of tax prevailing in the countries in which the Group operates.

The Group has no material unprovided deferred taxation for the period (2008: Nil).

### 4. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 30 September 2009 was based on the unaudited consolidated profit attributable to equity holders of the Company of approximately S\$2,042,000 (2008: S\$305,000) and on the 433,000,000 (2008: 400,843,066 (weighted average number)) ordinary shares in issue during the period.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the three months ended 30 September 2009 and 2008.

The calculation of basic earnings per share for the nine months ended 30 September 2009 was based on the unaudited consolidated profit attributable to equity holders of the Company of approximately S\$4,826,000 (2008: S\$364,000) and on the 433,000,000 (2008: 400,843,066 (weighted average number)) ordinary shares in issue during the period.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the nine months ended 30 September 2009 and 2008.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the nine months ended 30 September 2009, the sales was approximately S\$33,296,000. Turnover of the group recorded an increase of 14.6% as compare to the corresponding period last year. The gross profit margin for the Group increase from at 20.5% to 32.2%. Though the results had been adversely affected by the global economy during the first half of the year, it recovered quickly in the third quarter. The deferred purchasing power released in the third quarter and contributed to the strong recovery. The automobile market in China resumed a steady growth during the past three months. The technical fee income surged sharply in accordance with the remarkable automobile sales of its business partner in China. The Group has been devoting its effort in the high profit yield and cost effectiveness areas. Servicing income recorded increase as a result of the implementation of profit margin oriented strategy, while car rental business shows a stable performance.

#### 1. Sales of motor vehicles

For the nine months ended 30 September 2009, the turnover generated from sales of motor vehicles was approximately S\$11,902,000, representing a decrease of approximately 21.6% as compared to the corresponding period in 2008. The turnover was S\$4,191,000 for the three months ended 30 September 2009. The decrease was mainly due to the substantial slow down of the market during the first half of the year, deferring the purchasing power of the customers to be released in the third quarter. The sales of motor vehicles comprise 35.7% of the total turnover.

#### 2. Servicing of motor vehicles and sales of auto parts

For the nine months ended 30 September 2009, the turnover generated from servicing of motor vehicles and sales of auto parts increased from approximately 42.0 % to 55.5% of the total turnover, amounted to approximately S\$18,478,000 as compared to the corresponding period in 2008.

#### 3. Technical fee income

Technical fee income for the nine months ended 30 September 2009 was approximately S\$2,916,000, increased by approximately 75% compared to the corresponding period in 2008. The tremendous sales in the luxury car market contributed the outstanding recovery in the quarter.



#### 4. Car rental business

The operation of car rental business in Hong Kong encountered a 5% increase compared to the corresponding period last year, totaling an amount of approximately S\$1,473,000.

## FINANCIAL REVIEW

### Turnover

The unaudited consolidated turnover for the nine months ended 30 September 2009 amounted to approximately S\$33,296,000 from approximately S\$29,051,000 for the corresponding period in 2008. This represented an increase of approximately 14.6%. The increase was mainly contributed by the income of servicing of motor vehicles.

### Gross profit

The gross profit for the nine months ended 30 September 2009 was approximately S\$10,705,000, a significant increase of approximately 80.2% as compared to the corresponding period in 2008. The increase in gross profit was due to the quick recovery of sales for motor vehicles. The gross profit margin was approximately 32.2% for the nine months ended 30 September 2009 (2008: 20.5%).

### Exchange gain

For the nine months ended 30 September 2009, the exchange gain was approximately S\$563,000, being approximately 10 times as compared to the corresponding period in 2008. The exchange gain was mainly realized gain resulted from the translation of accounts receivables, accounts payables and inter-company balances from Euro and US dollars to Singapore dollars and the transactions of imports and exports bill denominated in Euro and US dollars.

### Other operating expenses

For the nine months ended 30 September 2009, other operating expenses were kept stable at approximately S\$2,043,000 representing a slight increase of approximately 5% as compared to the corresponding period in 2008. This was mainly due to the relocation of the Hong Kong office and implementation of effective cost control.

### Profit attributable to Equity Holders of the Company

The profit attributable to equity holders of the Company for the nine months ended 30 September 2009 was approximately S\$4,263,000, compared to the S\$308,000 in the corresponding period in 2008. This increase is mainly attributed to the high profit margin in technical fee income and after sales servicing income.



## DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2009 (nine months ended 30 September 2008: Nil).

## PROSPECTS

After suffering from the impact of global financial crisis for more than one year, the China's automotive market has picked up a comparative stronger recovery of economy in China in the second half of the year 2009.

Aggregated demand of luxury European car continues to increase, though the pace has been suspended during the first half of the year. Buyers not only request the elegance appearance but also the high end functions, comfort, as well as safety features where the European brands had exclusively established their prestige.

The pace of recovery in China is significant under the general recovery of the economy worldwide in the second half of the year. The deferred demand of luxury cars is resuming to its original uptrend. Though the results of the current period is encouraging as compared to the year 2008, it is in fact resuming to the similar level as in year 2007. Supplemented by the precious service of the Groups 4S servicing centres, the Group will continue to enhance its competitiveness and market position through its unmatched professional customer services.

## DIRECTOR'S INTEREST AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2009, the interests or short position of Directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are notified to the Company and the Exchange pursuant to SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Exchange, were as follows:

### Long positions in shares

Name	Capacity	Number of ordinary shares held				Total	Approximate percentage of shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interests		
Loh Nee Peng	Interest of a controlled corporation	-	-	100,149,480 (Note 1)	-	100,149,480	23.13%
Loh Boon Cha	Deemed interest	-	54,865,480	45,284,000 (Note 2)	-	100,149,480	23.13%

## Notes:

1. The 100,149,480 shares are held as to 54,865,480 shares by Big Reap International Limited and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 15%, respectively by Mr. Loh Nee Peng. By virtue of the SFO, Mr. Loh Nee Peng is deemed to be interested in the shares held by Big Reap International Limited and Loh & Loh Construction Group Ltd.
2. The 100,149,480 shares are held as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which is interested as to 21% by Mr. Loh Boon Cha and as to 54,865,480 shares by Big Reap International Limited which is interested as to 100% by Mr. Loh Nee Peng. By virtue of the SFO, Mr. Loh Boon Cha is deemed to be interested in the shares held by Big Reap International Limited due to family ties as Mr. Loh Boon Cha is the father of Mr. Loh Nee Peng.

Save as disclosed above, as at 30 September 2009, none of the Directors or their associates, has any interests or short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which are notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 to 5.47 of the GEM Listing Rules to be notified to the Company and the Exchange.

## INTERESTS AND SHORT POSITION OF SHAREHOLDERS

As at 30 September 2009, the persons or corporations (other than directors or chief executive of the Company) who have interests or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

Name	Capacity	Number of shares held	Approximate percentage of shareholding
Loh & Loh Construction Group Ltd.	Beneficial owner (Note 1)	45,284,000	10.46%
Loh Kim Her	Interest of a controlled corporation (Note 2)	53,284,000	12.31%
Fang Zhun Chun	Beneficial owner	93,676,000	21.63%
Chan Hing Ka Anthony	Interest of a controlled corporation (Note 3)	95,141,925	21.97%



#### Notes:

1. Loh & Loh Construction Group Ltd. is held as to 49% by Mr. Chan Hing Ka Anthony, as to 15% by Mr. Loh Kim Her, as to 15% by Mr. Loh Nee Peng and as to 21% by Mr. Loh Boon Cha. Mr. Chan Hing Ka Anthony, Mr. Loh Kim Her and Mr. Loh Nee Peng are Directors and Mr. Loh Boon Cha is the brother of Mr. Loh Kim Her and the father of Mr. Loh Nee Peng.
2. The 53,284,000 shares held as to 8,000,000 shares by Affluence Investment International Limited, and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 15% respectively by Mr. Loh Kim Her. By virtue of SFO, Mr. Loh Kim Her is deemed to be interested in the shares held by Affluence Investment International Limited, and Loh & Loh Construction Group Ltd.
3. The 95,141,925 shares held as to 49,481,925 shares by Tycoons Investment International Limited and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 49% respectively by Mr. Chan Hing Ka Anthony, as well as 376,000 shares held directly as beneficial owner. By virtue of the SFO, Mr. Chan Hing Ka Anthony is deemed to be interested in the shares held by Tycoons Investment International Limited and Loh & Loh Construction Group Ltd.

Save as disclosed above, as at 30 September 2009, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

## **DIRECTORS' RIGHT TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES**

None of the Directors or chief executives or their spouse or children under the age of 18 was granted by the Company or any of its subsidiaries any right to subscribe for equity or debt securities of the Company or any body corporate.

## **COMPETING INTERESTS**

During the nine months ended 30 September 2009, none of the Directors or the management shareholders of the Company (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

## **SHARE OPTION SCHEME**

During the nine months ended 30 September 2009, the Company did not adopt any share option schemes, nor did it have any options or securities in issue which are convertible or exchangeable into shares of the Company.

## ADVANCES TO ENTITIES

Pursuant to the Rules 17.15 and 17.17, a disclosure obligation arises where the relevant advance to an entity from the Group exceeds 8% under the assets ratio as defined under Rule 19.07(i) of the GEM Listing Rules (the “Assets Ratio”). As at 30 September 2009, the Company’s total assets were approximately S\$78,264,000.

	(Unaudited)		% of Assets Ratio	(Unaudited)		Increment as compared to Assets Ratio
	As at 30 September 2009			As at 30 June 2009		
	S\$'000	HK\$'000		S\$'000	HK\$'000	
<b>NAGC Group:</b>						
Prepaid rental advances	6,597	36,247	8.4%	6,635	35,481	N/A
Advances to NAGC	3,289	18,071	4.2%	2,706	14,471	0.6%
Guarantee to NAGC	3,959	21,753	5.1%	4,052	21,668	N/A
	<b>13,845</b>	<b>76,071</b>	<b>17.7%</b>	<b>13,393</b>	<b>71,620</b>	

	(Unaudited)		% of Assets Ratio	(Unaudited)		Increment as compared to Assets Ratio
	As at 30 September 2009			As at 30 June 2009		
	S\$'000	HK\$'000		S\$'000	HK\$'000	
<b>Zhong Bao Group *:</b>						
Advances to Zhong Bao Group	27,882	153,198	35.6%	20,490	109,572	8.5%
Guarantees to Zhong Bao Group	25,047	137,621	32.0%	25,652	137,176	N/A
	<b>52,929</b>	<b>290,819</b>	<b>67.6%</b>	<b>46,142</b>	<b>246,748</b>	
	<b>66,774</b>	<b>366,890</b>	<b>85.3%</b>	<b>59,535</b>	<b>318,368</b>	

\* Being Xiamen Zhong Bao and certain of its subsidiaries and related companies (the “Zhong Bao Group”)

Relevant advances in comparison to the previous disclosure is shown below:

	(Unaudited)		% of Assets Ratio	(Unaudited)		Increment as compared to Assets Ratio
	As at			Previous disclosure		
	30 September 2009			As at	31 July 2009	
	S\$'000	HK\$'000		S\$'000	HK\$'000	

**Zhong Bao Group\*:**

Advances to Zhong

Bao Group	27,882	153,198	35.6%	29,244	157,226	N/A
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- 1) The details of transactions to NAGC which are remaining outstanding as at 30 September 2009 are announced as follows:

**Prepaid Rental Advances due from NAGC**

As at 30 September 2009, prepaid rental expenses amounted to approximately S\$6,597,000 (equivalent to approximately HK\$36,247,000) (as at 30 June 2009: S\$6,635,000; equivalent to approximately HK\$35,481,000) were made in accordance with the co-operation agreement in March 2000 and entered into between the Group and China National Automatic Anhua Hertz Services Centre Co. Ltd. (“CNA Anhua (Hertz)”) a wholly owned subsidiary of NAGC for the construction of three showrooms/service centres and related facilities in the Guangdong Province, Xiamen and Beijing. CNA Anhua (Hertz) is not connected with the Company, the Directors, chief executive, substantial shareholder or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules). As further disclosed in the circular under the section headed “Update on Progress of the Co-operation Projects with North Anhua Group Corporation and its Related Companies” issued by the Company dated 6 January 2004 (the “Circular”), according to the supplemental agreement entered between the Group and CNA Anhua (Hertz) dated 15 October 2002, the establishment of a showroom/service centre in Guangdong Province was not pursued. Therefore, the number of service centres was reduced to two. The Directors are of the view that the construction of showrooms/service centres and related facilities under these co-operation projects are important to the Group to achieve its business objectives as mentioned in the Prospectus and the prepaid rental expenses were made under normal commercial terms and in the ordinary course of business of the Group. The prepaid rental expenses entitled the Group to use such facilities for 50 years from the date of completion of the developments. The prepaid rental expense for the development project in Beijing was completed in December 2001. The development project in Haichang, Xiamen was completed in December 2003. The prepaid rental expenses were unsecured and interest free. The prepaid rental expenses for each of the said development project are amortized on a straight line basis over 50 years from the date of completion.

### **Advances to NAGC**

Approximately S\$3,289,000 (equivalent to approximately HK\$18,071,000) (as at 30 June 2009: S\$2,706,000; equivalent to approximately HK\$14,471,000) were advanced to NAGC Group, representing 4.2% of the Group's Asset's Ratio. The advances were for their purchase of automobiles and related import tax expenses so as to leverage the distribution network of NAGC Group for marketing and promotional purposes. As disclosed under the section headed "Risk Factors" of the Prospectus, the PRC imposes restrictions on the imports of motor vehicles. NAGC Group is one of the eligible entities in the PRC which are allowed to distribute imported automobiles in the PRC. The Directors considered that the Group's reliance on NAGC Group in promoting sales of imported cars in the PRC and the provision of advances to NAGC Group by the Group in this regard are normal commercial practice. The advances were unsecured, interest free and repayable in or before December 2009.

### **Guarantees to NAGC**

Guarantees in the amount of approximately S\$3,959,000 (equivalent to approximately HK\$21,753,000) (as at 30 June 2009: S\$4,052,000; equivalent to approximately HK\$21,668,000) were provided to a bank in respect of banking facilities granted to NAGC Group. The guarantees were for the banking facilities granted for the use in car rental business by the Three Sub-licensees. The Group is negotiating with the correspondent bank to release the above guarantees. The Group does not have any security or receive any considerations from NAGC Group by giving such guarantee.

- 2) The details of transactions to Zhong Bao Group which are remaining outstanding as at 30 September 2009 are announced as follows:

### **Advances to Zhong Bao Group**

As at 30 September 2009, advances of approximately S\$27,882,000 (equivalent to approximately HK\$153,198,000) (as at 30 June 2009: S\$20,490,000; equivalent to approximately HK\$109,572,000) were advanced to Zhong Bao Group, representing 35.6% of the Group's Assets Ratio. The advances were made for the marketing activities the PRC manufactured BMW motor vehicles in accordance with a co-operation agreement entered between Xiamen Zhong Bao and the Group on 7 October 2008. There comprised a portion were the technical fee income derived from the provision of management consulting and technical assistance to Zhong Bao Group in relation to their sales of the PRC manufactured BMW motor vehicles. The amounts due from Xiamen Zhong Bao were unsecured, interest free and repayable in cash by the end of December 2009.



## Guarantees to Zhong Bao Group

Guarantees in the amount of approximately S\$25,047,000 (equivalent to approximately HK\$137,621,000) (as at 30 June 2009: S\$25,652,000; equivalent to approximately HK\$137,176,000) were provided to a bank in respect of banking facilities granted to Zhong Bao Group. The guarantees were for the bank facilities granted for the use in car trade business of Zhong Bao Group. The amount of guarantees to Zhong Bao Group represents 32.0% of the unaudited total assets of the Group as at 30 September 2009.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 30 September 2009, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

## CORPORATE GOVERNANCE

The Company has complied with the standards and requirements concerning board practices and procedures of the Board as set out in Rules 5.34 of the GEM Listing Rules. The Board also considers that the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. Application of corporate governance policies are consistent with those adopted by the Group in the preparation of the annual report for the year ended 31 December 2008.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules on 5 June 2002. The audit committee comprises three independent non-executive Directors, namely Mr. Yin Bin, Mr. Zhang Lei and Mr. Lee Kwok Yung. The duties of the audit committee includes reviewing the Company's annual reports and accounts, half-year reports and quarterly reports and providing advices and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures.

These unaudited condensed consolidated financial results have been reviewed by the audit committee of the Company and were approved by the board of directors on 13 November 2009.



## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2009.

## **DIRECTORS OF THE COMPANY**

Executive directors of the Company as at the date hereof are Mr. Loh Boon Cha, Mr. Loh Nee Peng and Mr. Xu Ming. Independent non-executive directors of the Company as at the date hereof are Mr. Yin Bin, Mr. Lee Kwok Yung and Mr. Zhang Lei.

By Order of the Board  
**G.A. Holdings Limited**  
**Loh Boon Cha**  
*Chairman*

Hong Kong, 13 November 2009